

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
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FM AMEMBASSY BRUSSELS
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INFO AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY LONDON
AMEMBASSY DUBLIN
AMEMBASSY COPENHAGEN
AMEMBASSY ROME

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ALSO FOR USEC, USOECD

PASS TREASURY, FEDERAL RESERVE

E.O. 11652:N/A
TAGS: EFIN, EC, BE
SUBJ: EC MONETARY COMMITTEE CHAIRMAN VAN YPERSELE COMMENTS
ON PROGRESS TOWARDS MONETARY INTEGRATION

REF: (A) BRUSSELS 7176; (B) BRUSSELS A-110; (C) BRUSSELS
10368

1. WE MET ON JUNE 9 WITH JACQUES VAN YPERSELE (MINFINANCE
INTERNATIONAL COUNSELOR AND EC MONETARY COMMITTEE CHAIRMAN)
TO REVIEW PROGRESS MADE SINCE COPENHAGEN TOWARDS
DEVELOPMENT OF PROPOSALS FOR GREATER INTEGRATION OF EC
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CURRENCIES.

2. MOST OF THE DISCUSSION REVOLVED AROUND A SPEECH
VAN YPERSELE GAVE AT THE KREDIETBANK IN BRUSSELS ON JUNE 7
OUTLINING HIS "PERSONAL VIEWS" ON EMU, THESE BEING
GENERALLY ALONG THE LINES OF THOSE PUBLISHED IN A LOCAL
PERIODICAL EARLIER THIS YEAR (SEE REF B). IN THE AREA OF

SPECIFIC FORMULAS, HOWEVER, VAN YPERSELE UNVEILED PUBLICLY A NEW OPTION SIMILAR TO IDEAS HE HAS ONLY DISCUSSED PRIVATELY UP TO NOW (VIZ. A RECENT BRUSSELS LUNCHEON WITH UNDERSECRETARY COOPER). AS OPPOSED TO A PURE FOURCADE (TWO-TIER SNAKE OR BOA) OR DUISENBERG (VOLUNTARY TARGET ZONE) APPROACH, VAN YPERSELE SUGGESTED THAT THE FOUR MAJOR EC CURRENCIES MIGHT DEFINE TARGET ZONES DELIMITED EITHER BY THEIR EFFECTIVE EXCHANGE RATES MEASURED AGAINST A BASKET OF CURRENCIES OR, PREFERABLY, IN TERMS OF THE EUROPEAN UNIT OF ACCOUNT AND ACCEPT THE OBLIGATION TO INTERVENE ON FOREX MARKETS IF NECESSARY TO KEEP WITHIN THESE ZONES. HE LIKENED THIS TO CURRENT PRACTICE BY BOTH SWEDEN AND AUSTRIA. A COPY OF THE SPEECH IN FRENCH IS BEING POUCHED TO EUR/RPE (GELBARD).

3. IN DISCUSSION WITH US, VAN YPERSELE CONFIRMED THAT THIS NEW "OPTION THREE" REFLECTS RECENT WORK IN THE EC MONETARY COMMITTEE. HE SAID THAT THE THREE OPTIONS HAD BEEN PUT INTO A DRAFT PAPER WHICH IS NOW BEING CIRCULATED TO MEMBER STATE FINANCE MINISTRIES FOR COMMENT PRIOR TO PRESENTATION AT THE JUNE 19 FINANCE COUNCIL (AS WELL AS AT A FOREIGN MINISTERS COUNCIL LATER THIS MONTH). THE CENTRAL BANK GOVERNORS HAVE ALSO PRODUCED A PAPER - ONE THAT VAN YPERSELE CHARACTERIZED AS MUCH MORE CAUTIOUS THAN THAT OF THE MONETARY COMMITTEE AND THUS LESS LIKELY TO GARNER ATTENTION.
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4. VAN YPERSELE SAID THAT REPORTS OF A QUASI-SECRET UK-FRG-GOF THREE MAN DIRECTORATE (SEE THE MAY 27 ECONOMIST) ALSO CHARGED WITH EMU WORK PROBABLY REFLECT PRELIMINARY ATTEMPTS TO NEGOTIATE AND WRITE A BREMEN COMMUNIQUE, RATHER THAN DUPLICATION OF TECHNICAL WORK BEING DONE IN THE MONETARY AND CENTRAL BANK COMMITTEES.

5. VAN YPERSELE THUS SUGGESTS THAT THE CURRENTLY DIVERSE EFFORTS TOWARDS GREATER MONETARY INTEGRATION IN THE COMMUNITY BE VIEWED AS "MANY STREAMS" WHICH HE IS REASONABLY CONFIDENT WILL CONVERGE BEFORE BREMEN. HE SAID THAT IT IS BY NO MEANS CLEAR THAT BREMEN WILL RESULT IN ACTUAL POLICY DECISIONS, BUT BELIEVES THAT THE MEETING WILL AT LEAST KEEP UP THE MOMENTUM TOWARDS EVENTUAL ACTION. CHAMBERS

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